

S E C R E T

Approved For Release 2006/03/17 : CIA-RDP80B01495R000200150009-8

November 1974

MEMORANDUM

SUBJECT: Conceptual Framework

Present and Projected Environment

1. Over the past 25 years or so a number of fundamental changes have occurred in the international environment that directly affect basic US interests. Underlying those changes has been the evolution from the essentially bipolar world of the 1950's to the much more diffuse world of today.

Then

2. The "East versus West" dichotomy was relatively clear-cut in the post-World War II period. The Soviet Union's aggressive policies were evident, particularly in Europe where the threat to world peace was most serious. Both sides placed the highest priority on strengthening themselves militarily so as to deter any potentially hostile action by the other.

3. The viewing of foreign policy problems with a cold war perspective was reinforced by the Western perception of the communist camp as a unified "bloc" directed by Moscow. The foreign policies of the USSR and the PRC seemed substantially the same. The apparent hegemony of the communist world contribution to the development of a corresponding, although less cohesive, alignment among free world nations under US leadership.

4. The concentration of military power in the hands of the US and the Soviet Union supported the bipolar approach. Only the two superpowers had achieved a nuclear capability. In addition, most of the other nations depended on one of the two leaders for supplies of weapons.

5. The US and the USSR were also clearly the principal players in economic terms. Neither had many really critical problems as far as assuring supply of basic resources was concerned. As the mainstay of the free world, the US encountered relatively few challenges to its economic policies from its allies or the developing states.

25X1

Approved For Release 2006/03/17 : CIA-RDP80B01495R000200150009-8

S E C R E T

Now

6. In contrast to the relatively clearly divided lines and well defined issues that characterized the 1950's, the international environment is now very diffuse. Moreover, conditions are much more in flux. While the evolution of a period of detente has lessened the earlier threat of major hostilities between the US and the USSR, new developments have increased the number and nature of challenges to world stability.

7. In place of a bipolar world dominated by two super-powers, there has evolved an international environment in which the relationships among countries are no longer clear-cut. Alignments change according to the issues involved at any given time. Among the main reasons for the less well defined relationships that exist now are: the era of detente; the appearance of new, strong economic forces--Europe, Japan, oil producers; shifts in the communist world; and the emergence of the so-called Third World. These changes have created new problems and forced changes in priorities and policies in both Washington and Moscow.

8. In one sense the Moscow-Peking split has probably helped advance the course of detente by decreasing Soviet interest in promoting a showdown with the West and by encouraging cooperation in some areas. On the other hand, the division between the USSR and the PRC has meant that now there often are at least three major protagonists with distinct interests to pursue in a given situation, such as in South-east Asia.

9. Economic problems are now considerably more complex and difficult than they were 25 years ago. Economic expansion in Japan and Europe have brought new competitive elements into play. The oil crisis has added a new and important dimension to what was an already increasingly disturbed economic picture. Because of these and other factors, the US has become less and less able to achieve certain goals by purely unilateral action.

10. The upsurge of nationalism in the developing countries has generated new attitudes among their governments and given added impetus to the third world orientation of their leaders. This has had a number of repercussions. For one thing, the

rivalry between the US and the Soviet Union has given the third world countries an opportunity to have a more prominent role in international affairs and, on occasion, considerable influence e.g., in the United Nations. Developing countries have been both the beneficiaries and the victims of the big powers' rivalry for influence. One effect of this has been to multiply the number of areas where actual or potential conflict can arise and where Washington and Moscow might see the need to become involved.

Looking Ahead

11. Over the next 3-5 years the trends that have begun will probably accelerate, and in some cases perhaps lead to problems of crisis proportions. In some important aspects international relations are likely to focus more and more on issues between the "haves" and "have nots."

12. The politics of detente will continue to make it unlikely that a major, direct confrontation will occur between the US and the USSR. Soviet interest in acquiring Western technology will continue to be an important mitigating factor in East-West relations. If the present leadership is unchanged, no basic change in Soviet-Chinese relations seems likely.

13. At the same time, competition among the advanced countries will probably intensify in some ways. This is true, for example, in terms of US and Soviet arms modernization programs and in the growing competition in arms exports among several supplying nations. This competition will become sharper in the third world where the struggle for influence will take on more urgency. There will be increased Soviet interests in becoming the principal supplier of military hardware to countries traditionally equipped by the West, as has already been shown in the Middle East and Peru.

14. Within the western community itself, British, French and other arms exporters will vie with the US. Resource requirements in the industrialized states will lead to stronger competition for the raw materials of developing countries.

15. The already powerful forces of nationalism are almost certain to increase in the third world. One effect of this will be further efforts by producers of raw materials to collaborate and bring joint pressure on consumers for more favorable terms of trade, including higher prices for such

items as bauxite, iron ore, and various foodstuffs. There will be stronger demands on the richer states, notably the US, to share their resources with countries of Africa, Asia and Latin America that have burgeoning populations and inadequate food supplies.

16. Over the longer range of 5-10 years the outlook is for further diffusion of international relationships. Regional powers may well become entrenched as the dominant influences in parts of the developing world. Brazil in South America and Iran in South Asia are two such possibilities. The growing possibility of further nuclear proliferation will be another factor of instability. China will have substantially improved its military strength, probably to the extent of constructing ICBM's with the capability of threatening the US.

17. Although the general outlook is for continuing stress and disruptions, there is at least some chance that the economic and political threats to world order may become somewhat less intense during certain intervals. New developments in such fields as energy supply and food production and allocation could mitigate some problems of the earlier period. Also, leadership changes in China and perhaps the Soviet Union, could further reduce tensions among the major powers.

18. The more destructive aspects of nationalism may have begun to spend themselves, which could open the way for a more constructive and cooperative attitude between industrialized states and developing countries. The recognition that the basic problems can only be solved by closer collaboration may also tend to ease antagonisms. Unless this cooperation is forthcoming, however, the severity of the social and economic problems could propel some desperate governments to resort to aggression, both to divert attention from internal problems and to exploit underlying differences with neighboring states.

US Interests

19. The threats to US interests in the present international setting probably are more serious in the political and economic sense than in military terms, at least from the strategic point of view. Detente has succeeded thus far in reducing the threat of nuclear conflict between the major powers. The chances of any direct, large-scale action against the US or our close allies have diminished.

20. US ability to exert decisive political influence is being challenged. This is true in multilateral organizations such as the United Nations and the Organization of American States as well as in bilateral relations. Our role in frustrating local conflict or settling disputes, for example, is becoming more limited. Meanwhile, both the USSR and China are moving aggressively through diplomatic and other means to expand their influence throughout the world.
21. The economic positions of the US and other Western states are under unprecedented strain because of rapidly changing world conditions. Private US investment overseas is more vulnerable to local dictates, including outright takeover. It is often difficult to maintain our leverage in bargaining for resources. Expansion of European and Japanese trade and overseas investment will inevitably create conflicts with US interests from time to time.
22. There is even less reason to be confident about regional stability, even in military terms. This is obviously the case in the Middle East and Indo-China, but potential problems also exist, to a lesser degree, in South Asia, Latin America, and Africa. The availability of military assistance from several sources increases the odds of potential or actual conflict in several regions.
23. US political and economic interests are likely to face a wide range of challenges over the next 3-5 years, most of which are not likely to follow familiar patterns. In fact, the rapid changes in the international environment and the growing interdependence of societies will make it much more difficult to predict the form that new crises will take.
24. Nationalistic governments will be less and less receptive to US influence. Shifts in capital flows will have a pronounced impact on international relationships. Competition for oil and other resources will become sharper. For these and other reasons, the US may well have less maneuverability and be much more vulnerable to external forces. In the field of military assistance the USSR and other suppliers will continue efforts to undercut the US. In this regard, the restraints and long delays usually associated with US deliveries will work to our competitors' advantage, as will the uncertainties regarding the long-term reliability of the US as a source of military supplies.

S E C R E T

Approved For Release 2006/03/17 : CIA-RDP80B01495R000200150009-8

25. Looking 5-10 years ahead, the chances of a major military confrontation with the Soviet Union would seem to be even more remote. The enhanced Chinese military capability will present a new challenge, however, primarily because of the fewer inhibitions that Peking may have in the Asian arena.

26. The emergence of regional powers in Latin America, Asia, and possibly Africa will tend to dilute US political and economic influence in those areas, to varying degrees. Problems in many of the developing countries will still resist solution and will continue to pose a danger of stability in both the immediate region and the wider community. In any event, most countries will almost certainly continue to build up their armed forces.

Approved For Release 2006/03/17 : CIA-RDP80B01495R000200150009-8

-6-

S E C R E T

Defense ?

Mr. William Lang
MEMORANDUM FOR: OSD/ISA, Room 4B-677

Attached is the statement I had prepared, as you requested, speaking to the concepts part of your working group study. The statement was prepared by a senior member of my staff with long experience in Latin America affairs. The thoughts expressed in the paper are his and are not presented as an official Agency view.

As I told you on Friday, our representative to the working group will be [redacted] Deputy Director of the Office of Economic Research.

[redacted]
Paul V. Walsh
ADDI

25 Nov 1974
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

Cy of Blue Note
Sent to [redacted]